

**Business Case: Core Banking Suite**

03/18/2003

**Business Requirements:****C Problem Definition/Purpose**

The "Core Banking" system can be defined as a suite of products designed to support multiple banking functions while maintaining centralized information. Currently BND utilizes multiple systems on the mainframe to provide these services. Due to the disparate systems, the interfacing of systems often requires substantial manual intervention or programming. In addition, customer information residing on the systems cannot be linked to provide 'customer relationship management' with which BND could provide customer account relationship summaries and provide areas of potential income, manage risk and utilize other tools available to financial institutions who utilize core banking 'suites'. The software components must be in compliance with banking laws and regulations.

Systems that will be included for consideration in the banking suite are as follows:

<b><u>System</u></b>	<b><u>Discussion</u></b>
General Ledger	For BND financial management and interfaces of data from other systems
Deposits	For customer account management
Time Deposits	For customer account management
Loan System	Mortgage, commercial, etc. Excluding Student Loans)
ACH	Automated Clearing House file processing from/to customers and the Federal Reserve Bank.
CRM	Customer Relationship Management
Imaging	Document/Cold Reporting
Account Analysis	Accumulation of services provided for revenue generation and reporting.
Internet Banking	Account access via the Internet
Securities	Include Bond Accounting, Safekeeping, Payment Processing, pledging, repurchase agreements.
Regulatory	This should include US Patriot Act, OFAC, Call Report, FR2900, Bank Secrecy Act, Tax Reporting, FIDM, and credit reporting.
Trust	
Profit Center/Transfer Pricing/Cost Accounting	To provide budgetary and financial measurement reporting.
Teller Platform	Teller access to systems for over-the-counter processing.
Report Writer	To facilitate report generation for management and audit.

**C IT Plan.**

This project is referenced in our IT Plan as a major activity #1 "Core Banking".

**C Assessment Methods**

At this stage, the goal of the Core Banking Team is to identify requirements of the various service areas of the Bank as they relate to the suite. These requirements will be a basis on which a Request for Proposal (RFP) will be developed and distributed to potential vendors. The team will make a recommendation to management of Bank of North Dakota based on evaluating the results of the RFP, the system's ability to meet established requirements, and improvements in customer service and data management and reporting.

**C Why Now.**

Bank of North Dakota strongly values customer service and workload efficiencies, therefore identifying this as a project which should be accomplished at this time.

**Cost/Benefit Analysis**

At this stage of the project, financial benefits of potential systems cannot be quantified. A detailed analysis of the financial components/costs of proposed systems as compared to current costs and improved efficiency can be provided upon receipt of RFP responses from potential vendors. At this time, the following analysis can be provided:

**C Tangible/Intangible Benefits**

**Bank of North Dakota**

The implementation of a Core Banking suite will have many benefits as noted previously.

C Enhance/Build New

The systems identified in this project are systems that are components of core banking suites utilized by other financial institutions. These systems provide compliance components to maintain adherence to the variety of banking regulations in effect. The systems utilized by the Bank were implemented, in many cases, decades ago.

**Risk Analysis**

At this time of the 'project', the objective of the team is to *"To seek out an integrated software system to include various applications used in the Banking Services, Accounting Services, and Loan Services areas to provide enhanced functionality, reporting and customer service."* Further risk analysis will be performed as information is received from the RFP and the financial, resource, equipment, and other costs are identified.

ISSC Approval: \_\_\_\_\_  
Eric Hardmeyer, President Date \_\_\_\_\_